

FBDC is 2nd nationally in 504 lending for 11th year

By **Althea A. Harris**

Marketing Executive – Area -2

For the 11th consecutive year, the Florida Business Development Corporation has earned second place among the more than 260 U.S. Small Business Administration, Certified Development Companies in the nation.

In conjunction with participating lenders, CDCs offer SBA-guaranteed financing through the 504 Loan Program for real estate and other real property acquisitions to qualified small business owners engaged in economic development activities that create jobs and strengthen communities.

In FY 2003, FBDC made 191 loans valued at over \$77 million, a 57 percent increase over FY 2002.



Emmanuel Manos,
President of FBDC

Aggressive lending activity is the reason why FBDC has been number one in Florida as well as number one in its region which encompasses the eight southeastern states from Kentucky to Mississippi since 1992. Emmanuel Manos, President of FBDC, said, "The key is getting lenders comfortable with the process."

One of Florida's other 504 program participants, Florida First Capital Finance Corp, earned the number seven spot by making 143 loans valued at just over \$57 million.

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Photo by Thaddeus Hosley

City of Miami Mayor Manuel A. Díaz (center) holds a token of appreciation from the SBA's South Florida District for delivering the keynote address during the district's 3rd Annual Lenders Award Luncheon in Miami on Nov. 12, 2003. District Director Francisco "Pancho" A. Marrero (left) displays the SBA-Day proclamation presented by Mayor Díaz. SBA's Region IV Administrator, Nuby J. Fowler, who presented the opening remarks, travelled from Atlanta, Ga. to recognize the South Florida Lending community for their contribution to the SBA's financial assistance outreach efforts to entrepreneurs.

B of A claims 3rd top 7(a) lender award *Miami Mayor Manuel Díaz declares SBA day*

By **Ilene P. Rubio**

Marketing Manager Area 1

Bank of America topped all lenders in the U.S. Small Business Administration South Florida District's 7(a) Loan Guaranty Program for the third consecutive year. The district's number one lender underwrote 1,693 small business loans for South Florida entrepreneurs.

Their activity represents more than 50 percent of the district's loan approvals during the fiscal year, Oct. 1, 2002, through Sept. 30, 2003.

More than 200 people attended the South Florida District 3rd Annual Lenders Training Program and Awards Luncheon held at the Doubletree Hotel in Coconut Grove on Nov. 12.

The lenders awards luncheon is an annual tradition which recognizes the outstanding contributions of SBA lenders who underwrite SBA guaranteed loans and provide access to capital for small business owners in

the district's 24-county area.

The morning training session for *Preferred* and *Certified* lenders and Certified Development Companies included information on procedural notices and presentations from district staff of the marketing and outreach and capital access/lender servicing divisions.

Regional Administrator Nuby J. Fowler provided the welcoming remarks, and District Director Francisco "Pancho" A. Marrero served as the Master of Ceremonies. City of Miami Mayor Manuel A. Díaz gave the luncheon keynote address.

He applauded the efforts of the Office and recognized the lenders and resource partners for their outstanding contributions to small businesses within the South Florida District area and particularly the City of Miami.

The mayor presented District

See winners on Page 3

FY 2004 is off to a good start

The first quarter of the new fiscal year is just past, and judging from the activity in the district on all fronts, this will be another stellar year. We've approved 848 7(a) loans guaranties valued at \$122.2 million this year. The number is 83.5 percent ahead of our FY 2003 pace of 462 loan approvals worth \$68.4 million and the 8(a) Business Development procurement and outreach efforts are off to a strong



Francisco "Pancho" A. Marrero,
District Director

start as well.

We currently stand at 14.3 percent ahead FY 2003's pace in the 504 CDC Loan Program, with 80 loans approved loans for \$31.3 million, compared to 70 loans valued at \$31.4 million. Combined, there is 74 percent increase in lending in the district. (Microloan statistics were not available at press time.)

It pleases me to say that our work towards transforming the district's operational activities is yielding outstanding results. We have effectively reduced or eliminated all of the so called "back room" operations and will continue to do so. Having accomplished that, we now can engage in outreach and marketing with a greater intensity than ever before. We are going to make certain that small business owners in all of the district's 24 counties are aware of everything we can do to help them succeed and know how to get help. That is our imperative.

In November, we hosted the third annual lenders training and awards luncheon in Miami. More than 200 lenders and other supporters of our programs joined us in recognizing the

small business lenders who have shown their support of SBA by underwriting more small business loans than at any other time in our 50 years providing financial assistance in South Florida. The "deals" for the past three years have turned in a double-digit increase. I want to stress how vital the lenders are to the SBA's small business financial assistance programs. It is their willingness to embrace the full intent of what this agency is here to accomplish: support the success of small businesses that feed the U.S. economy.

I applaud their commitment and their resolve and I encourage each of you to continue to engage with us in our dogged ambition to make the financial resources available to small business owners to start and grow sustainable businesses.

I recognize and appreciate the relationships we have with the South Florida lending community. The district staff is fully committed to strengthening our bonds and developing new relationships. Let us move forward in concert and with knowledge that we will continue to do these good deeds.

Region IV Administrator says, jobs are the key to the U.S. Economy

This has been an exceptional, record breaking year for SBA's lending, technical assistance and procurement programs. Thanks to the great work of a dedicated SBA staff and our many community partners, who make the delivery of SBA programs possible, the agency has out-performed even our most optimistic projections. We are helping more businesses get started, facilitating more expansions, providing more counseling and training, and creating more jobs than ever before.

At the same time, SBA offices across the country are responding to the evolving needs of our small business customers with innovative marketing and outreach strategies. Consequently, we have greatly expanded the use of our programs in traditionally underserved minority communities and women. We have forged new lender relationships that

have enabled us to expand the availability of smaller loans through Community Express and SBA's procurement assistance programs have taken on new life with the rollout of regional matchmaking events. A great many positive things have occurred this year at SBA, not the least of which is our renewed focus on job creation and how our programs are helping the economy gain momentum.

Job creation is at the heart of the



Nuby J. Fowler,
Region IV Administrator

President's plan for economic growth and central to SBA's mission to help start and grow small businesses. I am encouraged that we are seeing new job growth and that small business is a primary source for those new jobs. I am also heartened by the President's Six-Point Plan to make health insurance more affordable; reduce the number of burdensome lawsuits that drag down the economy; and make tax reductions for families and businesses permanent. These proposals offer the promise of creating an even better environment for small business, for job creation and economic growth.

Economic expansion may well depend upon SBA's continued success at keeping small businesses on the cutting edge of the economy and offering employment and advancement opportunities to American workers.

Bank of America is No. 1 for 3rd year in 7(a)

Sharing in a congratulatory moment with Bank of America, winners of their third consecutive top 7(a)



lending award (left) Jim Vauhn, Bank of America Senior Vice President, and Rob Hilson, Bank of America Market President, Miami-Dade County are (from center-left to center right) Nuby J. Fowler, Francisco "Pancho" A. Marrero, SBA's South Florida District Director, John N. Dunn, Jr., Assistant District Director, Capital Access (SBA)

FBDC is No. 1 in 504 market

Emmanuel Manos, President, Florida Business Development Corporation, accepts the South Florida Districts top lender award for FY 2003 504 CDC Program lending as Ilene P. Rubio, SBA's South Florida District, Marketing Manager Area - 1 looks on. The FBDC has claimed second place in 504 lending at the national level for the past 11 years.



Micro-Business gets it right

Kathleen Gordon (center), President of Micro Business USA, displays the South Florida District award for underwriting the most microloans in South Florida for the third consecutive year. John N. Dunn, Jr. (left), SBA's South Florida District Assistant District Director for Capital Access and Micro-Business' Miltoria Fordham look on.

Photos by
Alex Gort Photography

South Florida lending award winners

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Director Marrero and Deputy District Director Gilbert Colón with a City of Miami proclamation declaring November 12th as SBA Day.

FY 2003 Award Winners

Highest Number of 7(a) Loans

Platinum

200 + Loans Guaranties Approved

Bank of America	1,693
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Silver

50 to 99 Loan Guaranties Approved

Community Bank of Manatee	53
Business Loan Center, LLC	53
Wachovia Small Business Lending, Inc.	58
Banco Popular, NA	65
CIT Small Business Lending Corp.	69
Union Planters Bank	73
California Bank & Trust	74
Capital One, FSB	97

Bronze

25 to 49 Loan Guaranties Approved

HSBC Bank, USA	25
Temecula Valley Bank, NA	28
Fidelity Federal Bank & Trust	33
GE Capital Small Business Finance Corp.	36
Comerica Bank	41
United Bank & Trust Company	45
Innovative Bank	47

Most Improved 7(a) Lender

Citibank, FSB	23
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Certified Development Companies

Highest Number of 504 Loans

Florida Business Development Corp.	170
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First Mortgage Lender

GE Capital Small Business Finance Corp.	73
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Most Improved Certified Development Company

Florida First Capital Finance Corporation	97
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Microloan Intermediaries

Highest Number of Loans Dispersed

Micro-Business, USA	276
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International Trade Loans

Highest Number of Loan Guaranties Approved

Bank of America	73
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Veteran Loans

Highest Number of Loan Guaranties Approved

Bank of America	129
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Team Loans

Highest Number of Loans to
African Americans, Asian Americans/
Pacific Islanders, Hispanic Americans,
Native Americans, and Women

Bank of America	846
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Competition in 504 loan program means more loans, jobs

John N. Dunn, Jr.
Assistant District Director,
Economic Development

The 504 Certified Company Development Loan is now modified to facilitate the delivery of 504 loans and to create a competitive environment among the CDCs. The final rule for the program was published on Oct. 6, 2003 and became effective on Nov. 6, 2003. The changes implemented are expected to have a significant impact on the already popular 504 Loan Program.

The basic structure of the 504 Loan has not materially changed; the new policies and rules are aimed primarily at the way SBA permits the delivery of the loans. SBA licensed Certified Development Companies will continue to be the conduit for between 30 and 40 percent of the project financing via a 2nd mortgage financing. However, the CDCs will no longer operate in a protected geographic area. Prior to the policy change, SBA authorized CDCs to operate in a designated county or in several counties. Their designated areas were "protected" as long as the CDC met a prescribed limit of two loans per 100 thousand people, the county was considered "adequately served" and no other CDC could operate in that particular area. The new rules permit CDC's currently operating in the state to effectively become statewide CDC's.

The full text of the changes can be found in the Federal Register of Oct. 6, 2003/Rules and Regulations. SBA Information Notice 5000-885 provides two web links to see the text or PDF version of the rule. The final rule

FY 2004 Top SBA Lenders

Loan Activity as of Dec. 31, 2003

848 7(a) Loan Guaranties Approved, \$122.2 Million

Bank of America N.A.	467	\$16.3
Capital One Federal Savings Bank	101	\$ 4.8
CIT Small Business Lending Corp.	25	\$12.0
Wachovia SBA Lending Inc.	23	\$14.6
California Bank and Trust (Zions)	20	\$ 4.6
Union Planters Bank N.A.	20	\$ 8.4
Business Loan Center, LLC.	18	\$10.8
Comerica Bank	17	\$08.7
Innovative Bank	12	\$.90
Banco Popular North America	11	\$03.7

80 504-CDC Loan Guaranties Approved, \$31.3 Million

Florida Business Development Corp.	39	\$16.1
Florida 1 st Finance Capital Corp.	26	\$10.3
St. Petersburg Cert. Development Corp.	10	\$ 3.1

addresses:

- CDC membership, Board of Directors composition and professional staff.
- Application to become a CDC and expansion applications.
- Definition changes
- Fees that a CDC may charge
- Eligible project and administrative expenses.
- Qualifications for Accredited Lender program status.
- Premier Certified Lender (PCL) requirements.
- Changes emanating from changes to the Small Business Investment Act.
- SBA enforcement actions and procedures.
- Job opportunity average (now \$50,000 of debenture per job).

- Elimination of Associate Development Company designation.

Many of the changes are technical in nature and are invisible to the average program participant. The real impact will be felt by the end user, the borrower. I anticipate competition among the CDCs operating within Florida to improve customer service, leading to a quicker response time; reduced program fees; bring many new 3rd Party lenders (1st mortgage lenders) into the program; and, greatly increase the number of approved 504 loans.

At the fiscal year ended Sept. 30, 2003, there were 344 loans approved under the 504 program. The new rules will foster cooperation among lenders and could significantly increase the number of loans in the District; 500 is within the realm of possibility!

***If your client needs business startup assistance, refer them to SCORE--
Counselors to America's Small
Business at***

www.SCORE.org

Five SBA-backed loans spur success for Miami company

By **Thaddeus Hosley**
Public Information Officer

Singularly focused on success is an apt description of Lance Cooper, the owner of Best Equipment and Repair Inc., a southwest Miami company that sells, rents, and repairs a wide-variety of professional light-to-heavy construction equipment as well as yard and garden tools.



Lance Cooper

Cooper started the business in 1993 in his home-garage repairing lawn and garden equipment with one other mechanic, and over the past 10 years, developed it into a regional leader in the industry. Best Equipment and Repair's odyssey is a true success story about the U.S. Small Business Administration helping a small business.

Cooper has grown the business by seeing beyond the "black and white" and earning loyalty from the company's 21 employees and its customers by developing an environment that caters to their needs. BE&R, one of the largest power equipment dealers in Georgia, Florida and Alabama, earned gross revenues in excess of \$4 million in 2002.

The south-west Miami-Dade operation fills 49,000 square-feet including a 23,000 square-foot showroom. According to Cooper, Best Equipment and Repair is distinguished

from the competition by the fact that it is a centrally located,

one-stop shop that provides outstanding customer service. BE&R's customers are construction companies and other contractors, landscapers, schools, property management firms, lawn-care companies, parks and recreation



Lance Cooper, President, Best Equipment and Repair, Inc. of Southwest Miami explains the operation of a gas-powered lawn edger to a customer.

You Can Rent, an equipment rental company. Following

three years as a mechanic and counter sales rep, he became the store manager and took charge of purchasing, sales, inventory control, credit approval, accounts receivable, accounts payable and personnel management. His leadership resulted in a remarkable daily sales increase, from \$500 to \$7,000 per day.

While heading All You Can Rent, Cooper polished the skills needed to successfully manage a venture of his own. However, the experience of starting his own business was stressful, he remarked.

"I was scared to death," Cooper recalls of the early days of his company. "But, I go all out in whatever I do. At least that is what my wife tells me. I believe that is why the company has done so well."

"Common sense and going the extra mile are most important in achieving success in business," he said. "My staff and I clearly understand that we can keep our customers' loyalty by giving them the best quality equipment at a fair price and with timely and superior service."

An SBA-guaranteed loan for \$50,000 in 1994 was the first of five Cooper received to grow BE&R. This early loan financed the expansion of the two-man repair operation to

before a trip to Miami to visit relatives convinced him that Miami was the place for him. He moved to Miami and studied air conditioning repair and worked in that field for a few years. In 1984, Cooper began a 10-year career at All



years of pre-business studies at West Virginia University

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OIG reports on citizenship status among SBA borrowers

The SBA's Office of Inspector General issued an inspection report in September on Insufficient proof of Citizenship Status for SBA Loans.

Recent OIG investigations have identified borrowers who misrepresented their citizenship status in order to obtain SBA guaranteed loans, despite the fact that noncitizens (i.e. aliens) can receive SBA loans if they meet certain requirements. Because of such misrepresentations and the effects of antiterrorism legislation, this inspection's focus was to identify the requirements for determining citizenship eligibility as well as potential vulnerabilities.

The OIG found that SBA and its lenders have little assurance that prospective borrowers truthfully disclose their citizenship status. The Agency cannot be reasonably certain that its loan programs benefit only eligible citizens or legal aliens because of reliance on prospective borrowers' honest, concerns about loan origination delays, concern over the appearance of discriminatory practices, and the lack of a definitive national identification system for foreign nationals. The report recommended that, consistent with the USA PATRIOT Act, SBA issue an interim directive instructing lenders to verify the identities of new customers involved with Agency programs. Accordingly, SBA drafted a notice of review through the Agency's clearance process.

The Florida Small Business Development Center Network is the only statewide business assistance program in Florida -- featuring 31 centers strategically located throughout the state.

www.floridasbdc.com/



SBA, Department of Labor partnership supports entrepreneurship among people with disabilities

WASHINGTON-The U.S. Small Business Administration, the Department of Defense, the Office of Management and Budget and the General Services Administration are taking steps to simplify the federal contracting process by creating an integrated database of small businesses that want to do business with the government.

The integration of the existing Pro-Net and DOD's Central Contractor Registration (CCR) databases will create one portal for entering and searching small business sources and will assist small businesses with marketing their goods and services to the federal government. The integration will begin on Jan 1.

The CCR-PRO-Net linkage is part of a comprehensive strategic effort to transfer Pro-Net's functions to the E-Gov Business Partner Network (BPN) in order to simplify government-wide vendor registration. The network is part of the Integrated Acquisition Environment (IAE), one of the e-government initiatives under the President's Management Agenda. IAE is carrying out OMB's mandate for new processes to streamline federal acquisition by creating common integrated business processes for buyers and sellers in the federal marketplace. The network incorporates DOD's CCR database. Registration in CCR is now a requirement for federal contracts. After Dec. 31, CCR will assume all of Pro-Net's search capabilities and functions and small businesses will no longer need to manually register in both Pro-Net and CCR.

"We are continuing to make strides in simplifying the process to help small businesses conduct business with the government," said SBA Administrator Hector V. Barreto. "By integrating PRO-Net's functions into CCR, the foundation of the Business Partner Network, we are helping to advance the President's goal of a single, user-friendly, integrated acquisition environment."

This merger is another step

toward the goals to unify common systems and ensure that data need only be entered once and then reused.

Procuring agencies and contracting officers who rely on Pro-Net as the authoritative source for vendors that are certified in SBA's 8(a) Business Development program, HUBZone Empowerment Contracting Program and Small Disadvantaged Business program will now access this information through CCR. To conduct market research and confirm eligibility for SBA's procurement preference programs, users will go to the CCR Web site at www.ccr.gov and click on the "Dynamic Small Business Search" button. All of the search options and information that existed in Pro-Net will now be found at the CCR Dynamic Small Business Search site.

Within SBA, Pro-Net will be superseded by the Small Business Source System, an internal database of businesses certified by SBA as participants in the 8(a), HUBZone and SDB programs. Businesses will no longer have to self-certify as small businesses. The SBSS system will perform calculations necessary to determine whether companies are small, based on employment or revenue information entered into CCR. Firms will update their records on the CCR Update Web page and should follow the links and directions found there.

For more information about CCR, please visit the CCR Web site at www.ccr.gov.

For more information about IAE, visit the Web site at <http://egov.gsa.gov>. For more about SBA e-Gov activities, please contact Ronald E. Miller, SBA Program Executive Officer for E-Gov at (202) 401-8214.

If you received this newsletter via fax and would like to receive it via e-mail, send your address to thaddeus.hosley@sba.gov.

FTC charges Miami company with deception

WASHINGTON – The Federal Trade Commission has charged a purported Web cramming operation with billing small business owners for “free” Internet services, failing to disclose terms of the sales agreements and billing some companies that had turned down the offer. Objections by the U.S. Small Business Administration to the use of its trademark by the company and complaints from consumers prompted the FTC investigation.

The FTC alleged that Epixtar Corporation and its subsidiaries – including one named SBA Online Inc. – violated federal law by deceptively marketing a free trial of Internet services, and then unfairly billing consumers’ telephone accounts without their express informed consent, and without their knowledge. The FTC complaint names Epixtar

Corp., Liberty Online Services Inc., National Online Services Inc., B2B Advantage Inc. (formerly known as SBA Online Inc.), and William Douglas Rhodes, president of the companies. The companies are based in Miami, Fla.

Cramming refers to the practice of billing businesses for services that were never authorized and have little value. The bogus charges usually appear on businesses’ telephone bills.

The SBA had warned small businesses across the country in March about a company calling itself “SBA Online” after receiving a number of complaints from members of the public advising that representatives of the company were contacting their businesses seeking to interest them in purchasing certain commercial services allegedly offered by their organization, or in paying to become members of “SBA.” The complaints said callers frequently sought confidential financial or personal data, and solicited fees for services or membership.

The Web site operated by the company is unrelated in any way to the Web site operated by the SBA at www.sbaonline.sba.gov. The public should also note that the SBA neither solicits membership fees nor contacts businesses to obtain sensitive information about small businesses or individuals unless it is part of a particular matter pending before the agency, such as a loan application.

At the FTC’s request, the U.S. District Court for the Southern District of New York has entered a temporary restraining order prohibiting the defendants from making any further misrepresentations and freezing their assets.

For information about the FTC case, visit <http://www.ftc.gov/opa/2003/11/epixtar.htm>. For information from the FTC about avoiding Web services scams, visit the FTC Web site at <http://www.ftc.gov/bcp/conline/pubs/alerts/webalrt.htm>.

A good business resource

By Frank A. Velasco

Marketing Executive – Area 1

As a small business advocate, I certainly am aware of my responsibility to get the word out on something beneficial. This is especially true when the information’s purpose is to assist other business advocates in promoting economic development and small business in general.

Not too many of us know about the State of Florida’s web page which provides free information on the following:

- Names of State of Florida Corporations, Trademarks, and limited partnerships
- Registered fictitious names
- Information on judgment liens related to corporations and/or limited partnerships
- Survey information related to a specific trade
- Information on State of Florida statutes
- Legal opinions related to businesses operating within the State

In addition, the subject Web site can also provide free information on the name(s) of the current corporate officers by title, and the corporation’s standing and/or status within the State of Florida. Finally you can also determine whether an individual currently has ownership in any other State-registered corporation.

The State of Florida Web site offers access to information that is useful to entrepreneurs.

I encourage every SBA lender to refer clients to this site, www.sunbiz.org, or the State of Florida at (850) 488-9000.



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Please send address changes to: U.S. Small Business Administration, South Florida District Office, 100 South Biscayne Blvd., 7th floor, Miami, Florida 33131-2011

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SBA Management Team Profile

Miguel E. Gonzalez Chief, Capital Access

Miguel E. Gonzalez is the chief of the newly created Capital Access Division for the South Florida District Office of the U.S Small Business Administration. He's responsible for providing financial and technical assistance, loan guaranty, and portfolio servicing and liquidation to the SBA lenders in South Florida. His staff consists of four senior marketing specialists (formerly know as Loan Specialists) and a support officer.

Gonzalez joined SBA in 1985 as a Loan Officer Assistant for the Disaster Area 1 office, in Niagara Falls, NY. He worked in several capacities, such as Commercial Loan Specialist, Supervisory Loan Specialist, Disaster Field Office Manager, and Production Manager until 1998 when he was appointed as Chief of Portfolio Management for the South Florida Office. Prior to 1985 Miguel worked for the Municipality of Bayamon, Puerto Rico as Director of the Public Revenue Division and subsequently as Internal Auditor.



Miguel E. Gonzalez

Gonzalez was born in Santurce, Puerto Rico and received a bachelor degree in Business Administration from the University of Puerto Rico in 1976. In 1985 he earned degree in Accounting from the same university. Gonzalez is listed in *Who's Who of Professionals*

and *Who's Who of Professional Management*.

Gonzalez loves his work and takes pride in what he does. During his career with SBA, he has been awarded performance recognitions on multiple occasions and has participated in more than 20 SBA related trainings, seminars and town meetings. He directly participated in the SBA disaster recovery effort after hurricane HUGO, the Northridge Calif. earthquake, as well as Florida's 1992 hurricane Andrew and others.

Gonzalez is married and has two children, a boy and girl. He met his wife while working at a disaster center where she worked as a Federal Emergency Management Agency officer.

Gonzalez is an artist. He enjoys drawing, oil painting, and wood working. He also enjoys doing what he calls the "dad and daughter homework". His daughter is an honor-roll student and his 2 year-old son.

Continued from Page 5

include a store front and a rental line which offered demolition hammers, pressure washers, power tools, paint sprayers drills and two Bobcats.

In 1996, Cooper seized another opportunity to grow the operation with the help of a \$176,000 SBA guaranteed loan used to acquire an assortment of used equipment from a failed rental competitor. A 1997 \$166,000 loan was used to acquire warehouses to store equipment, parts and supplies. The 1998 loan for \$224,000 financed more warehouse space and expansion. The most recent loan approved for BE&R in 2003 for \$450,000 is financing further growth, with plans for multiple locations and increased export sales.

"We've weathered the 'storm'," post September 11(2001)," Cooper said. "We're now ready to pursue a number of profitable opportunities as

the economic picture improves. We're still growing."

"It honors me that I can go to my government and get the financial backing I need to grow my business," Cooper said. "In-turn, I give back to the community by creating jobs. This is a support circle of positivism."

The SBA, celebrating 50 years of helping small business owners, was chartered by the U.S. Congress in 1953 to leverage capital access and to provide counseling and business assistance for America's entrepreneurs. There are more than 1 million small businesses in South Florida.

**SBA's
Economic Growth Tour**
*Listening to
America's Job Creators*

**Jan. 26, 2004
Jacksonville, Fla.**

Register on-line at:
www.sba.gov/region4/50



News

Nieves wins Fla. Star Award

Miguel A. Nieves, Jr., a Certified Business Analyst at the Florida Atlantic University Small Business Development Center in Miami, is the recipient of the 2003 State Star of the Florida SBDC Office. The award was presented to Nieves by FSBDC State Director Jerry Cartwright for exemplary performance, making a significant contribution to the SBDC, making a significant contribution to the SBDC program and showing a strong commitment to small business in the Miami area.



Miguel A. Nieves, Jr.

Each year, the Association of Small Business Development Centers honor an outstanding SBDC employee from every state. Nieves recently received the award at a reception held during the ASBDC's 2003 annual conference in San Diego, Calif.

"I am extremely pleased to recognize our 2003 State Star, Miguel Nieves, who exemplifies the SBDC program's guiding principles of service to the client above all else; hard work, individual productivity and continuous improvement; excellence in reputation; being part of something special; recognition and respect for all employees; honesty and integrity," Cartwright said.

Report Details Jump In Micro-Business Lending

WASHINGTON, D.C. – The number of micro-business loans made by U.S. banks jumped by 45 percent in 2001-2002 according to a report released today by the Office of Advocacy. The report, "Small Business and Micro Business Lending in the United States, 2002 Edition," indicates that the large increase in the number of micro-business loans (under \$100,000) was primarily the result of promotion and use of small business

credit cards.

Small business lending as a whole showed only moderate increases during the same period. The country was just emerging from recession and both borrowers and lenders continued to hold off new borrowing and lending in reaction to the uncertain economy. While the smallest business loans increased by 45 percent, the number of loans between \$100,000 and \$250,000 increased 8.8 percent and those between \$250,000 and \$1 million increased by 9.8 percent.

"Access to credit is vital for small business survival," said Thomas M. Sullivan, Chief Counsel for Advocacy. "It's critical that small firms know how banks are meeting their credit needs and which banks are investing in small business. This report is one tool small businesses can use when they shop for loans, and it also provides policy makers with data they need to make informed decisions on financial matters," he said.

Designed to help small firms in their search for capital, the report also analyzes bank lending patterns across the United States and across commercial bank sizes. It ranks banks based on their small business friendly and micro-business friendly lending. The report does not rank bank participation in SBA guaranteed loan programs.

Consolidated Reports of Condition and Income (call reports), which banks submit to their federal regulators and Community Reinvestment Act (CRA) reports provide the data for the full study. Both the call report and CRA data provide useful information, but they are not comparable. Call report data is considered the most useful when analyzing a bank's commitment to small business lending in their state. CRA data is best for understanding the small business lending activities in different states by large banks and large bank holding companies.

The Office of Advocacy examines the role and status of small business in the economy and independently represents the views of small business to federal agencies, Congress, and the President. It is the source for

small business statistics presented in user-friendly formats and it funds research into small business issues.

New web tool helps create business friendly climate

WASHINGTON, D.C. – State legislators, small business owners, and activists in the fight for economic development now have a new web tool in their arsenal. Launched today, the Office of Advocacy's web page on its initiative for state regulatory policy offers a wealth of information on current state laws, proposed legislation, statistics, information and much more.

The new web tool, located at www.sba.gov/advo/laws/law_modelleg.html, is the latest step in Advocacy's promotion of small business friendly regulatory policy at the state level. In December 2002, Advocacy presented draft model regulatory flexibility legislation to the American Legislative Exchange Council (ALEC) for consideration by state legislators. ALEC endorsed the model legislation earlier this year.

Since then many states have taken steps to encourage small business friendly regulations. North Dakota and Colorado both enacted new legislation and Massachusetts Governor Mitt Romney signed an Executive Order giving small businesses a voice in his state's regulatory process.

SCORE Celebrates 40 Years

January marks the beginning of SCORE's year-long 40th anniversary celebration to reflect upon the many achievements SCORE has made over the past four decades to strengthen small businesses and the economic and social well-being of our nation's communities. SCORE volunteers have provided [business counseling](#) to more than 6 million entrepreneurs since its founding in 1964. During SCORE's 40th year, chapters and the national office will hold events to celebrate SCORE's 40 year legacy of making a difference.

The secret is out, so let's consider sharing the "scoop"

If you are a lender today, you most likely know what "FICO scores" are and how they are used. But, did you know that according to a survey commissioned by the Consumer Federation of America, a strikingly high percentage of people in the United States do not understand basic facts about credit reports and scores?

For years credit scores have been used in the industry without an explanation to borrowers of their value. These same credit scores were used to consider the rates they would pay on consumer goods, mortgages or insurance. Why the big "secret"?

If a potential borrower knew that accepting an offer for credit at their local department store could affect the rate they pay for other services in the future, they might reconsider. If they knew the 10 percent off for that day as a "gift" for applying for the store credit could in fact affect their FICO score and result in higher interest rates on new loans, would they open that account? Knowledge is empowerment.

Due to pressure by Congress in response to consumer groups, those "secrets" are being revealed. In response, FICO, Inc., has begun to release information. They report FICO

scores range from approximately 300 to 850. The average "high approval" score is 680 and above, anything lower can result in higher interest rates on money borrowed as determined by the creditor.

Fair, Isaac and Co, Inc.'s Web site (www.fairisaac.org), refers potential borrowers to www.myfico.com for an explanation of how FICO scores are determined, which is titled, "Understanding Your Credit Score". Their model gives the credit score breakdown as follows: 35 percent payment history, 30 percent amounts owed, 15 percent length of credit history, 10 percent new credit, and 10 percent types of credit in use. To the average person, this would still need an explanation.

Here are some actions that will hurt the scores.

- Missing payments can take 24 months to restore credit with one late payment.
- Credit cards at capacity has a negative impact.
- Closing credit cards out and shopping for credit excessively.
- Opening up new credit accounts in a short period of time, having more revolving loans in relation



to installment loans and borrowing from finance companies can affect the scores.

How can your business clients improve their scores? While there is no one "magic" way to accomplish this, there are some suggestions that can improve credit over a period of time. For example, paying down credit cards, but not closing them out. A decrease in capacity can lower the score. Do consider closing out old accounts and cards that are no longer used.

If you have a small business borrower whose credit is less than perfect, consider counseling them on what they can do to improve their rating. You gain a future "educated" business client who knows how their credit decisions affect their ability to borrow. If they cannot attend counseling, consider referring them for a free counseling appointment with SCORE--Counselors to America's Small Business on-line at www.score.org.

Now that the "secret" is out, let's share the "scoop". Let's help future and existing business owners understand and wisely use credit. Understanding helps bring them empowerment to move forward on their business plans and goals.

Meeting South Florida's entrepreneurs on their turf



Althea A. Harris, a Marketing Executive in the South Florida District's Area 2, visits Carl Kupersmit, President of ToBead.com in Loxahatchee, Fla. during a community visit in October. SBA's marketing initiatives are aimed at raising awareness about the agency's programs by creating one-on-one opportunities like this during walks through South Florida small business communities.